

**AE TECHNOLOGY SERVICES II UK LIMITED
(FORMERLY LIBERTY PROPERTY CO I LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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**AE TECHNOLOGY SERVICES II UK LIMITED
(FORMERLY LIBERTY PROPERTY CO I LIMITED)**

COMPANY INFORMATION

Directors	H Harris D Hobby
Registered number	10480402
Registered office	First Floor Office Manning House 22 Carlisle Place London SW1P 1JA
Independent auditors	KPMG LLP 15 Canada Square London E14 5GL

**AE TECHNOLOGY SERVICES II UK LIMITED
(FORMERLY LIBERTY PROPERTY CO I LIMITED)**

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**AE TECHNOLOGY SERVICES II UK LIMITED
(FORMERLY LIBERTY PROPERTY CO I LIMITED)**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after tax, amounted to £3,835,000 (2019 - £1,160,000).

On 27 August 2021 the directors approved a dividend of £3,117,000 (2020 - £nil) which was used to settle the loan and interest receivable due from AE Corp UK Limited, the company's parent undertaking. The directors have not recommended a further ordinary dividend (2020 - £nil).

Directors

The directors who served the company during the year and thereafter were as follows:

R Beall (appointed 12 May 2021, resigned 1 September 2021)
M van den Berg (resigned 1 September 2021)
J Evans (resigned 1 September 2021)
S McFarquhar (resigned 12 May 2021)
J Kelly (appointed 12 May 2021, resigned 10 January 2022)
V Vasishta (resigned 12 May 2021)
H Harris (appointed 1 January 2022)
D Hobby (appointed 1 September 2021)

The directors of the company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision is in force for directors serving during the financial year and as at the date of approving the Directors' Report.

Going concern

The company had a net asset position of £12,849,000 (2020 £8,449,000) as at 31 December 2021, the company held cash and cash equivalents of £987,000 (2020 - £288,000) as at 31 December 2021.

The company's principal activity is to lease properties to related parties for use in their operations. The directors have reviewed the fixed rental cashflows for the company for the 12 months from the date of the approval of these financial statements. Considering its financial resources, as well as the long-term lease arrangements securing the cash settlements and the possibility of a severe but plausible downside, the company will have sufficient cash funds to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

Political contributions

The company made no political donations or incurred any political expenditure during the year.

**AE TECHNOLOGY SERVICES II UK LIMITED
(FORMERLY LIBERTY PROPERTY CO I LIMITED)**

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

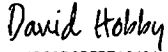
Auditor

KPMG LLP will be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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D Hobby
Director

7th November 2022

**AE TECHNOLOGY SERVICES II UK LIMITED
(FORMERLY LIBERTY PROPERTY CO I LIMITED)**

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AE TECHNOLOGY SERVICES II UK LIMITED

Opinion

We have audited the financial statements of AE Technology Services II UK Limited ("the Company") for the year ended 31 December 2021, which comprise the Statement of Profit and Loss, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the predictable and contractual nature of sales transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those containing unusual or unexpected items and those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety regulations and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

designed to detect material misstatement. We are not responsible for preventing noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were entitled to take advantage of the small companies exemption from the requirement to not prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted

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by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Paul Smeulders', with a stylized, cursive script.

Paul Smeulders (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

8th November 2022

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Revenue		976	1,312
Gross profit		976	1,312
Administrative expenses		(131)	(259)
Other operating expenses		(243)	-
Gain on sale of assets		3,119	-
Operating profit	4	3,721	1,053
Finance income	7	188	115
Profit before tax		3,909	1,168
Income tax expense	8	(74)	(8)
Profit for the year		3,835	1,160
Other comprehensive income			
Revaluation of investment property		6,381	-
Deferred tax on revaluation of investment property		(2,699)	-
Other comprehensive income, net of income tax		3,682	-
Total comprehensive income		7,517	1,160

The notes on pages 11 to 22 form part of these financial statements.

All results were derived from continuing operations.

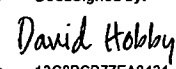
AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)
REGISTERED NUMBER:10480402

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Property, plant and equipment	9	355	5,670
Investment property	10	10,797	-
		<u>11,152</u>	<u>5,670</u>
Current assets			
Debtors: amounts falling due after more than one year	11	3,564	470
Debtors: amounts falling due within one year	11	611	2,311
Cash and cash equivalents	12	987	288
		<u>5,162</u>	<u>3,069</u>
Creditors: amounts falling due within one year	13	(665)	(263)
Net current assets		<u>4,497</u>	<u>2,806</u>
Total assets less current liabilities		<u>15,649</u>	<u>8,476</u>
Creditors: amounts falling due after more than one year			
Deferred tax	14	(2,800)	(27)
Net assets		<u>12,849</u>	<u>8,449</u>
Capital and reserves			
Ordinary shares	16	-	-
Share premium	17	6,245	6,245
Retained earnings	17	2,922	2,204
Revaluation reserve	17	3,682	-
Total shareholders' funds		<u>12,849</u>	<u>8,449</u>

The company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf

DocuSigned by:

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D Hobby
 Director

7th November 2022

The notes on pages 11 to 22 form part of these financial statements.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Ordinary shares £000	Share premium account £000	Retained earnings £000	Revaluation Reserve £000	Total shareholder's funds £000
At 1 January 2021	-	6,245	2,204	-	8,449
Comprehensive income for the year					
Profit for the year	-	-	3,835	3,682	7,517
Dividends paid to parent	-	-	(3,117)	-	(3,117)
At 31 December 2021	-	6,245	2,922	3,682	12,849

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Ordinary shares £000	Share premium account £000	Retained earnings £000	Revaluation Reserve £000	Total shareholder's funds £000
At 1 January 2020	-	6,245	1,044	-	7,289
Comprehensive income for the year					
Profit for the year	-	-	1,160	-	1,160
At 31 December 2020	-	6,245	2,204	-	8,449

The notes on pages 11 to 22 form part of these financial statements.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Company information

AE Technology Services II UK Limited (Formerly Liberty Property Co I Limited) (the "company") holds properties which are leased to fellow subsidiaries of Liberty Global plc and is a wholly-owned subsidiary of AE Corp UK Limited.

The company is a private company incorporated, domiciled and registered in the UK. The registered number is 10480402 and the registered address is First Floor Office Manning House, 22 Carlisle Place, London SW1P 1JA.

2. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

2.1 Basis of accounting

These financial statements have been prepared on a going concern basis and under the historical cost basis in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The company has early adopted the amendments to FRS 102 set out in 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The company's ultimate parent undertaking, AE Group SARL, includes the company in its consolidated financial statements. The consolidated financial statements of AE Group SARL are prepared in accordance with International Accounting Standards under Companies Act 2006 and are available to the public and may be obtained from AtlasEdge's registered address at First Floor Office Manning House, 22 Carlisle Place, London SW1P 1JA.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- reconciliation of the number of shares outstanding from the beginning to end of the year;
- disclosures in respect of related party transactions with fellow group undertakings;
- cash flow statement and related notes; and
- key management personnel compensation.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

2.2 Going concern

The company had a net asset position of £12,849,000 (2020 £8,449,000) as at 31 December 2021, the company held cash and cash equivalents of £987,000 (2020 – £288,000) as at 31 December 2021.

The company's principal activity is to lease properties to related parties for use in their operations. The directors have reviewed the fixed rental cashflows for the company for the 12 months from the date of the approval of these financial statements. Considering its financial resources, as well as the long-term lease arrangements securing the cash settlements and having considered the impact of a severe but plausible downside, the company will have sufficient cash funds to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue represents rental income from investment property that is used in the operations of fellow group companies. Revenue is all derived from operations in the United Kingdom.

2.4 Finance income

Finance income is recognised as interest accrues according to the effective interest rate method, which uses the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

2.5 Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the expected useful economic life of that asset as follows:

- Freehold property	30 years
- Leasehold property	Period of lease
- Network assets	3 - 30 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

2.6 Investment property

Rented to third parties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

Investment properties are remeasured to fair value at the reporting date. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

2.7 Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently reported at amortised cost, net of an allowance for impairment of trade receivables.

The company uses a forward looking impairment model which uses a lifetime expected loss allowance which is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Leases

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

2.9 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

2.11 Non derivative financial instruments

Cash and cash equivalents and other receivables, related-party receivables and payables, certain other current assets and certain accrued liabilities represent financial instruments that are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The company initially recognizes loans and receivables on the date they are originated. All other financial assets are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the group is recognized as a separate asset or liability.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2.11 Non derivative financial instruments (continued)

The company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management has made estimates and judgements that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions

Investment Properties

Management values its investment properties at each balance sheet date reviewing the latest market conditions for any indications that the fair value of the properties has changed. Every three years a valuation from an independent, professionally qualified Royal Institute Chartered Surveyor is obtained to support management's assessment of the properties' fair value. Changes to the fair value of the investment properties are adjusted as and when they arise.

Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful life. The estimation of an assets useful economic life has a significant effect on the annual depreciation charge.

Recoverability of intercompany receivables

Intercompany receivables are stated at their recoverable amount less any necessary provision. Recoverability of intercompany receivables is assessed annually and a provision is recognised if any indications exist that the receivables are not considered recoverable. The useful life and carrying values are reviewed annually for impairment and where adjustments are required, these are made prospectively.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****4. Operating profit**

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciation of property, plant and equipment	(126)	247
Gain on sale of assets	3,119	-

On 11 January 2021 the company recognised a gain of £3,119,000 on the sale of 1 property to AE Technology Services I UK Limited, a fellow group undertaking of Liberty Global at the time of the transaction and a fellow group undertaking of AE Group SARL at the time of these financial statements.

All directors' remuneration is paid by and disclosed in the financial statements of AE Corp UK Limited. The estimated allocation of directors remuneration for qualifying services as directors of this company is trivial.

5. Auditor's remuneration

Auditor's remuneration of £20,000 (2020 - £12,000) for the audit of the financial statements of the company has been borne by a fellow group undertaking and not recharged.

6. Employees

The company has no employees other than the directors, who did not receive any remuneration (2020 - £nil).

7. Finance income

	2021	2020
	£000	£000
Interest on amounts owed by group undertakings	188	114
Other finance income	-	1
	<u>188</u>	<u>115</u>

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****8. Income tax expense**

	2021	2020
	£000	£000
Current tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	65	6
Effect of tax rate change on opening balance	9	2
Total deferred tax	<u>74</u>	<u>8</u>
Tax on profit	<u>74</u>	<u>8</u>

The tax assessed for the year is lower than (2020 lower than) the standard rate of corporation tax in the UK of 19.0% (2020 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit before tax	<u>3,912</u>	<u>1,168</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.0% (2020 19.0%)	743	222
Effects of:		
Fixed asset differences	(510)	36
Remeasurement of deferred tax for changes in tax rates	2	2
Group relief claimed	(161)	(252)
Tax expense	<u>74</u>	<u>8</u>

Factors affecting current and future tax charges

In the 3 March 2021 Budget, it was announced that the UK tax rate would increase to 25% from 1 April 2023. The deferred tax assets and liabilities have been calculated using the enacted rate of 25% as at the current balance sheet date (2020 – 19%).

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****9. Property, plant and equipment**

	Network assets £000	Land and buildings £000	Total £000
Cost			
At 1 January 2021	718	5,685	6,403
Transfer to investment property	-	(4,968)	(4,968)
Disposals	(177)	(717)	(894)
At 31 December 2021	541	-	541
Depreciation			
At 1 January 2021	176	557	733
Charge for the year on owned assets	46	80	126
Transfer to investment property	-	(553)	(553)
Disposals	(36)	(84)	(120)
At 31 December 2021	186	-	186
Net book value			
At 31 December 2021	355	-	355
At 31 December 2020	542	5,128	5,670

The net book value of land and buildings may be further analysed as follows:

	2021 £000	2020 £000
Freehold	-	4,712
Short leasehold	-	409
Furniture and fittings	-	7
	-	5,128

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Investment property**

	Investment property £000
Fair value	
At 1 January 2021	-
Additions	10,797
At 31 December 2021	<u>10,797</u>
 Historical cost net book value	 <u>4,318</u>

On 1 June 2021 Liberty Global plc entered into a 50:50 joint venture arrangement with Telefónica, SA to form VMED O2 UK Limited ("VMED O2 JV"). As a result of this transaction AE Technology Services I Limited could no longer elect to measure its investment properties that are rented to another group entity at cost less accumulated depreciation and accumulated impairment losses. As such, the company transferred the properties from Property, Plant and Equipment to Investment Property.

The company's properties were valued by an independent, professionally qualified Royal Institute Chartered Surveyor on 11 February 2021 which valued the properties at £10,797,000. On initial recognition, the difference between the fair value and the net book value of the properties of £6,381,000 was recognised through other comprehensive income in the revaluation reserve. On recognition of the investment properties to fair value a deferred tax liability arose of £2,699,000, this was recognised through other comprehensive income in the revaluation reserve.

The company's investment properties are valued annually on 31 December at fair value. The directors reviewed the last independent valuation which took place on 11 February 2021 and determined that the change in the market conditions since that time had not resulted in a change in their fair value.

11. Debtors

	2021 £000	2020 £000
Due after more than one year		
Amounts owed by group undertakings	3,564	2,311
Due within one year		
Amounts owed by group undertakings	-	120
Prepayments and accrued income	611	350
	<u>4,175</u>	<u>2,781</u>

Amounts owed to group undertakings due after one year include loan notes which had a carrying value of £3,564,000 (2019 - £2,311,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 6.24% and mature in December 2029.

Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****12. Cash and cash equivalents**

	2021	2020
	£000	£000
Cash at bank and in hand	987	288

13. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	243	-
Accruals and deferred income	422	263
	665	263

14. Deferred tax

	2021	2020
	£000	£000
As 1 January	27	19
Charged to the profit and loss	74	8
Charged to other comprehensive income	2,699	-
At 31 December	2,800	27

Deferred tax is made up as follows:

Fixed asset timing differences	2,800	27
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AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****15. Leases**

The investment properties are let under operating leases. The future minimum lease payments receivable under non cancellable leases are as follows:

	2021 £000	2020 £000
Less than one year	1,130	1,146
One to five years	4,271	4,230
More than five years	13,099	13,550
Total undiscounted lease payments	18,500	18,926

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
Ordinary shares of £1.00 each	<u>3</u>	<u>3</u>

17. Reserves**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings

Includes all current and prior period retained profits and losses net of dividends paid.

On 27 August 2021 the directors approved a dividend of £3,117,000 (2020 - £nil) which was used to settle the loan and interest receivable due from AE Corp UK Limited, the company's parent undertaking.

Revaluation reserve

The revaluation reserve arose on 1 June 2021 when the VMEDO2 joint venture arrangement between Liberty Global plc and Telefónica, SA completed. As a result of this transaction the group could no longer elect to measure its investment properties that are rented to another group entity at cost less accumulated depreciation and accumulated impairment losses. On initial recognition the difference between the fair value and net book value of the properties was recognised through other comprehensive income along with the associated deferred tax.

AE TECHNOLOGY SERVICES II UK LIMITED (FORMERLY LIBERTY PROPERTY CO I LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Guarantees

The company's immediate parent undertaking AE Corp UK Limited has borrowed £76,500,000 under a senior facility agreement. On 22 August 2022 AE Corp UK Limited amended the senior facility agreement which resulted in an increase to the facility of £26,000,000 which matures in December 2024. Borrowings under this facility are secured against the assets of certain members of the group including those of this company.

The company has joint and several liabilities under a group VAT registration.

19. Controlling party

The company's immediate parent undertaking is AE Corp UK Limited.

The smallest and largest group of which the company is a member and in to which the company's accounts were consolidated at 31 December 2020 are AE Corp UK Limited and AE Group SARL, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2021 was AE Group SARL.

Copies of the consolidated AE Group SARL accounts are available from the company secretary, First Floor Office Manning House, 22 Carlisle Place, London, SW1P 1JA.